

Federal Court Continues Freeze of Rewald Assets

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Federal Judge Martin Pence this morning ordered the continuation of a freeze on the assets of Ronald R. Rewald and his bankrupt company after being told by the bankruptcy trustee that \$17 million in investors' money has been spent.

Pence described Rewald's company — Bishop, Baldwin, Rewald, Dillingham & Wong — as a "ponzi scheme" in which money from new investors was used to pay interest to earlier investors "to the benefit of those on the inside."

Pence said investors' money was put into a bank account that amounted to "a poi bowl" that Rewald and other company offi-

cialis dipped into for personal and company expenses.

Instead of investing the money, Rewald used it for his expensive lifestyle, including paying for "the polo club, his Rolls Royces, and his big house," Pence said.

"There's no question his assets came from the poi bowl," the judge said.

PENCE'S RULING came after bankruptcy trustee Thomas Hayes said that, other than some furniture, other office fixtures and approximately \$200,000 in cash, all of the company assets are gone. "What you are telling me is this company has no assets?" trustee attorney James Wagner asked Hayes.

"That's right," Hayes responded.

After this morning's hearing Hayes said he will seek the turn over of all of Rewald's personal assets which Hayes estimated would be worth about \$1.5 million.

After the hearing, Rewald's attorney Robert Smith said Rewald's personal assets may be worth \$3 million and that Rewald is willing to turn them over to the trustee if Rewald can play a role in the dispersal.

During the hearing, Smith told Pence that Rewald was anxious to help out, but Pence said it was "an empty gesture."

REWALD, ALREADY charged in state court with theft of investors' money, also may face federal criminal charges.

Anita Nagler, attorney for the Securities and Exchange Commission, said her office has been working closely with the U.S. attorney's office but said it would be up to the U.S. attorney to press criminal charges against Rewald or any other company officials.

U.S. Attorney Daniel Bent said this morning that his office is working with the FBI in its investigation of Rewald and Bishop, Baldwin, Rewald, Dillingham & Wong, but would not say if charges are forthcoming.

Federal charges apparently would be tied to the alleged fraud violations the SEC has already filed against Rewald. Charges also could relate to the use of the mails or communica-

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